

8 | 21 | 2017

STATE OF DELAWARE

# Transforming Health Care in Delaware



# Highmark Overview

## REGIONALLY FOCUSED WITH A NATIONAL REACH

### HIGHMARK ORGANIZATION

Highmark Health – over 35,000 Employees

Highmark Inc. - Over 5 Million members

Allegheny Health Network – 8 Hospitals

United Concordia Dental – 7.8 Million members

Davis Vision – 21 Million members

HM Insurance Group – 6.5 Million members

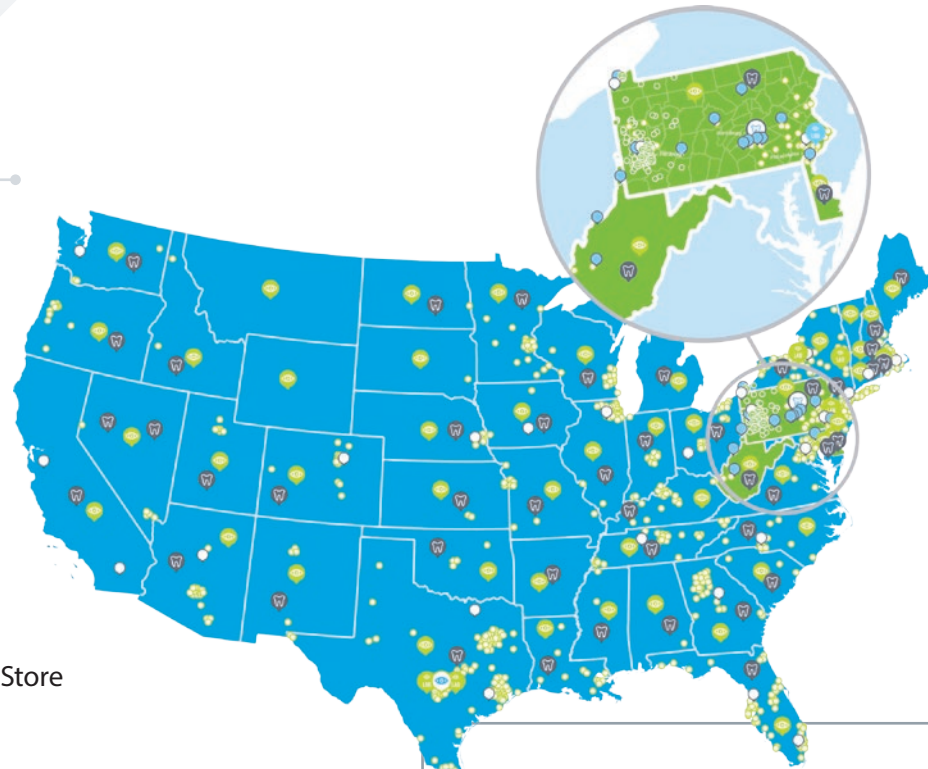
Retails – 10 Retail Stores – 700+ Visionworks Stores – 1 REM Retail Store

### AFFILIATES

- Highmark Blue Cross Blue Shield Delaware
- Highmark Blue Cross Blue shield West Virginia

### PARTNERSHIPS

- Blue Cross Blue Shield of Arizona
- Florida Blue
- Blue Cross and Blue Shield of Louisiana
- Blue Cross and Blue Shield of Minnesota
- Blue Cross and Blue Shield of Nebraska
- Independence Blue Cross National Alliance powered by Highmark Blue Shield



### KEY

-  - United Concordia headquarters
-  - States that have United Concordia customers
-  - Vision companies' main headquarters
-  - States that have Davis Vision members
-  - Vision manufacturing labs
-  - Visionworks store locations
-  - Allegheny Health Network hospitals
-  - Other Allegheny Health Network facilities
-  - Highmark Inc. office locations
-  - HMIG office locations

# Transforming Care Delivery

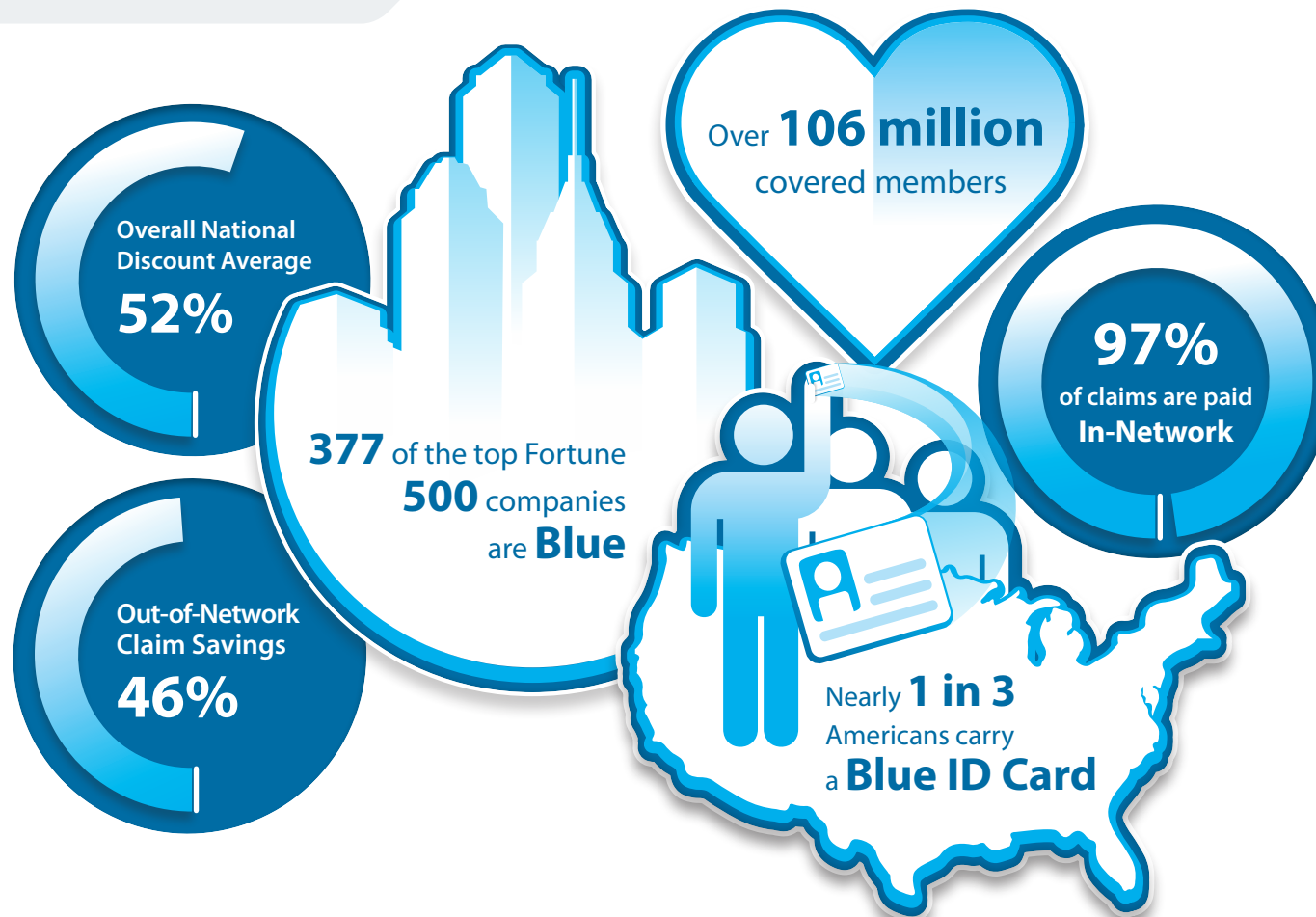
*First and Only BCBS Plan with a  
Care and Coverage Connected Model!*

- Serves patients in 29 counties in Pennsylvania as well as portions of Ohio, New York and West Virginia.
- 8 hospitals with 2,224+ beds
- 2,800 employed/aligned physicians, residents and fellows
- 6 ambulatory surgery centers
- 4 Health + Wellness Pavilions



*Best Practices Exported  
Throughout Highmark Footprint*

# The Value of Blue



Over **106 Million** covered members

More than **96%** of all hospitals

**52%** average national discounts

**97%** in-network utilization

**46%** savings on out-of-network claims

Nearly **1 in 3** Americans carry a Blue ID Card

**84** of the top Fortune **100** companies are **BLUE**

**26+ Million** national account members

More than **93%** of all physicians\*

**First** in brand recognition

SOURCE

Blue Cross Blue Shield Association, April 2016 \* BCBSA and competitor data as of 10/18/16

# Transforming Health Care Delivery

## LOCALLY DELIVERED, NATIONALLY LEVERAGED

An innovative way to incentivize collaboration between physicians, members and employers to improve quality, cost and satisfaction.

### Historical FFS Health Care System

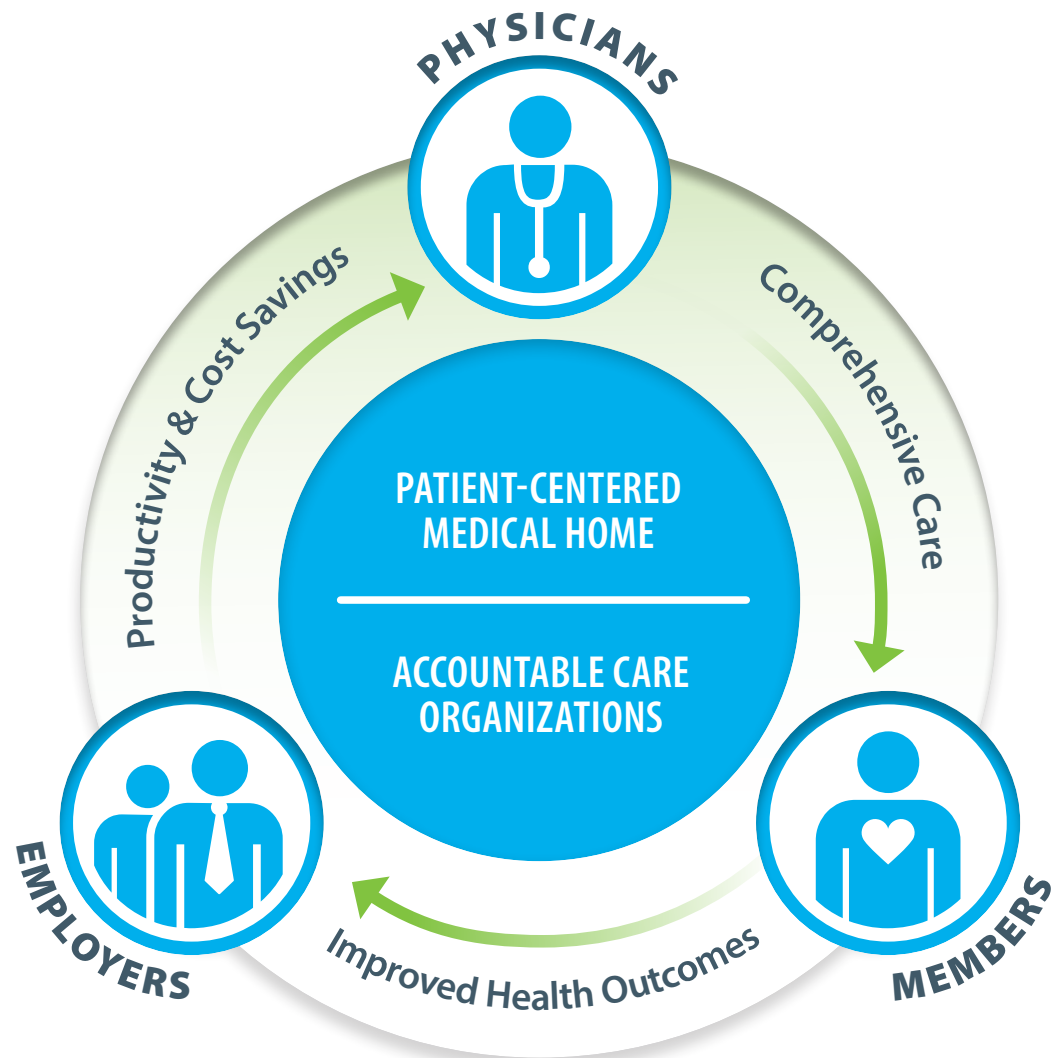
#### Volume Focused

- Fee-for-service – paid for doing more, not for performing or managing care better
- Member and provider incentives not aligned to promote better health outcomes
- Lack of care coordination
- Lack of integration across the care continuum
- Duplication in testing and inadequate follow-up care

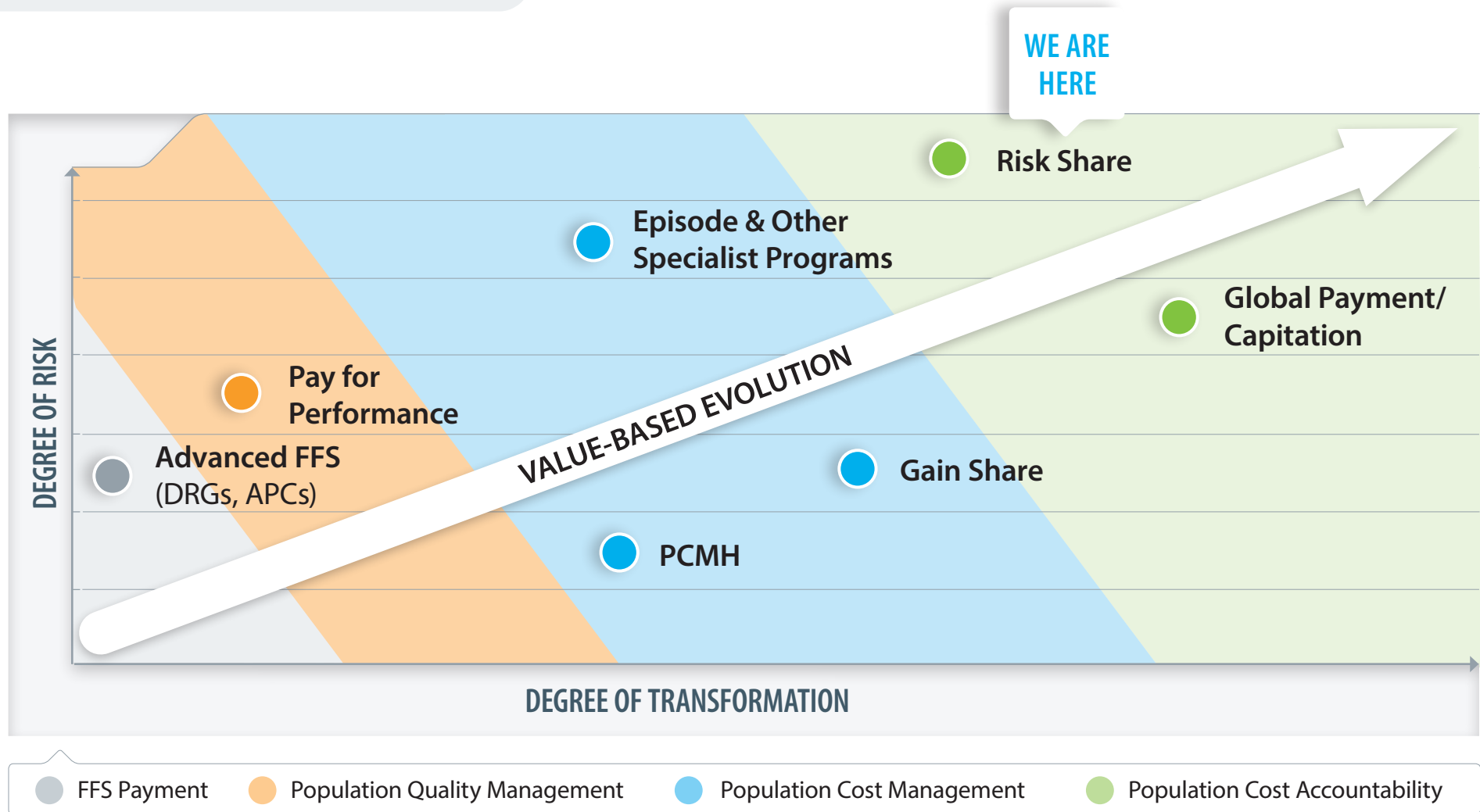
### New Value-Based Health Care System

#### Value Focused

- Pay for VALUE, not volume
- Rewards and incentives for quality, health outcomes, patient satisfaction
- Care coordinated between primary care, specialists, hospitals, other providers
- Integration of patient care across the care continuum
- Transparency, technology, information, efficiency, reduces duplication



# Setting the Stage

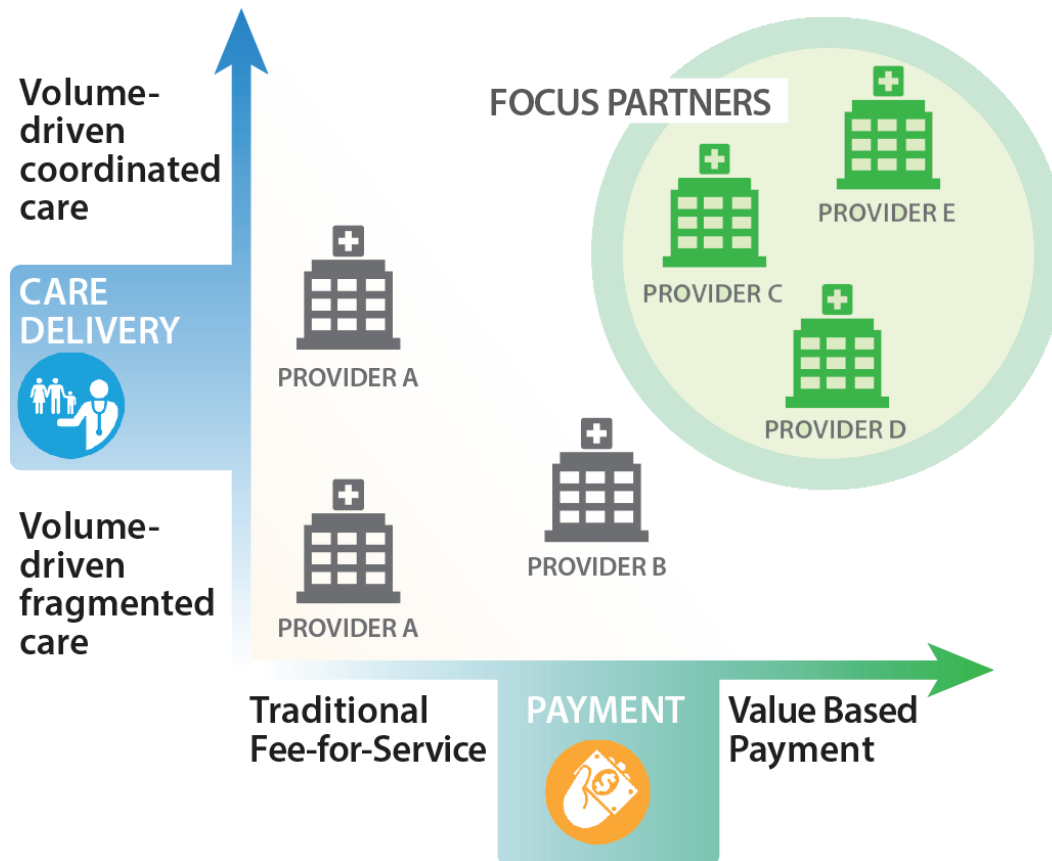


*Value creation, integration and savings potential for our customers*

# Provider Strategy

Developing provider partnerships are a cornerstone of Highmark's provider strategy

Aligning Care Delivery and Incentive Payments



## Highmark Provider Partnership Strategy

- Going forward, Highmark will combine product, network, reimbursement strategy and population health management to promote value
- Jointly developing value-based programs and products based on provider readiness and market need
- Focus on keeping providers independent and keeping care local
- Programs will evolve as providers take on increasing risk for effectively managing care
- Ultimately, there will be winners and losers as some providers adapt and succeed, while others resist the movement towards value

*Moving forward, we will focus on transforming care delivery with willing and able providers, rather than with every provider*

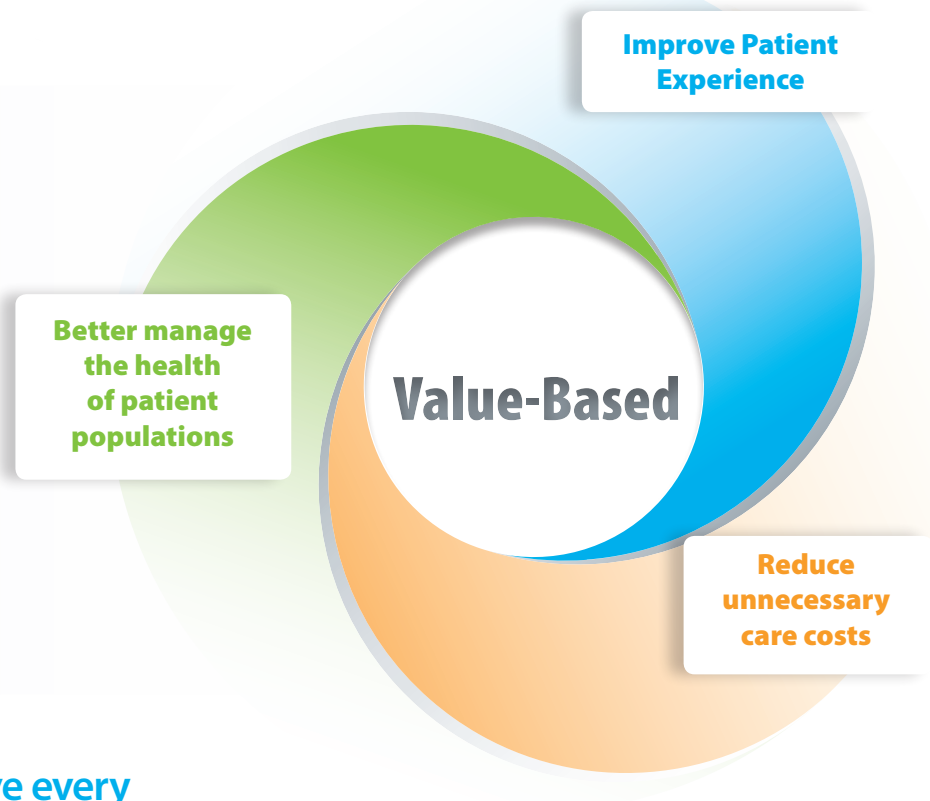


# Our Value-Based Programs Continually Evolve

*Remaining focused on hitting the “triple aim” of cost, quality, and patient experience.*

## Current Highmark Value-Based Strategy

- Focus on PCPs and hospitals to **effect cultural change** in local providers
- **Promote adoption at scale** by offering several programs based on provider capabilities and readiness for change
- Start with **upside-only incentives**, to provide a glide path for providers to eventually take on risk
- **Support provider success** through a comprehensive program that includes regular reporting and provider engagement
- Tie **provider increases** to value and outcomes



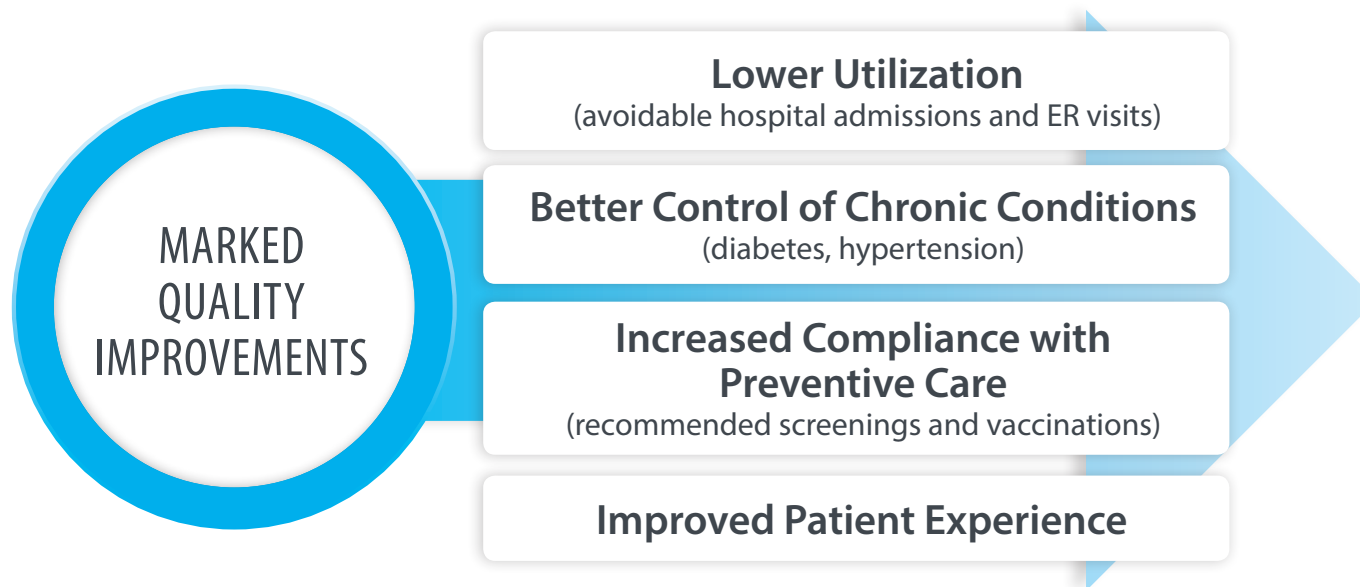
To date, our strategy has focused on trying to **move every provider in our network** towards value-based care.



# Blue Distinction Total Care Value

BETTER HEALTH, BETTER BOTTOM LINE

*Total Care Programs are demonstrating value to employers and their employees*



Source:2) BCBSA 2015 Value-Based Program Request for Information. Plan-reported information as of 10/12/2015; Quality improvements experienced by multiple Total Care programs.

Per attributed member per month (PaMPM) savings; Source: BCBSA 2015 value-based program request for information; Individual program results may vary.

# True Performance Program Overview

Highmark continues to expand its value-based reimbursement programs throughout the continuum of care - improving patient experience of outcomes while reducing avoidable costs. (These programs are currently in the market or will be rolling out within the next calendar year.)

## Quality Blue Hospital

creates incentives focused on cost of care and overall quality for over 110 hospitals throughout Highmark's footprint

## True Performance Plus

creates a gainshare opportunity for providers who are able to manage total cost of care below a target while maintaining high quality standards

## True Performance Advanced

creates opportunities for providers to be exposed to downside risk increasing accountability and incentive to work with patients outside traditional settings of care

## Home & Community Services (HCS) P4V Program

creates incentives in the post-acute space to increase quality and improve the member experience

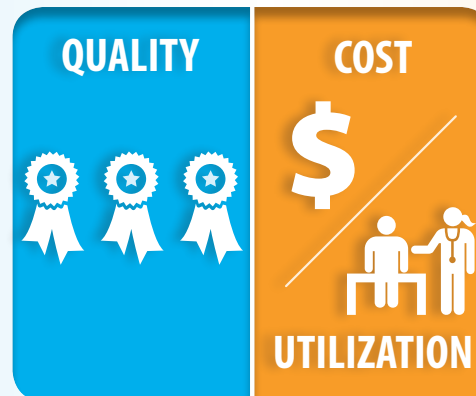
Continued expansion of advanced payment models targeting cancer, chronic episodes of care, pediatrics, and more

The True Performance program is structured around two components:

**Quality** and **Cost & Utilization**



**Quality** is measured based on nationally recognized standards—like comprehensive diabetes care and immunizations—which are proven to lead to better patient outcomes



The **Cost & Utilization** component evaluates the ability of the physician to promote member well-being, while helping to control costs

# Tiered Networks & Benefits

## Tiered Network Benefit Designs:

- Based on costs
- Looks at value

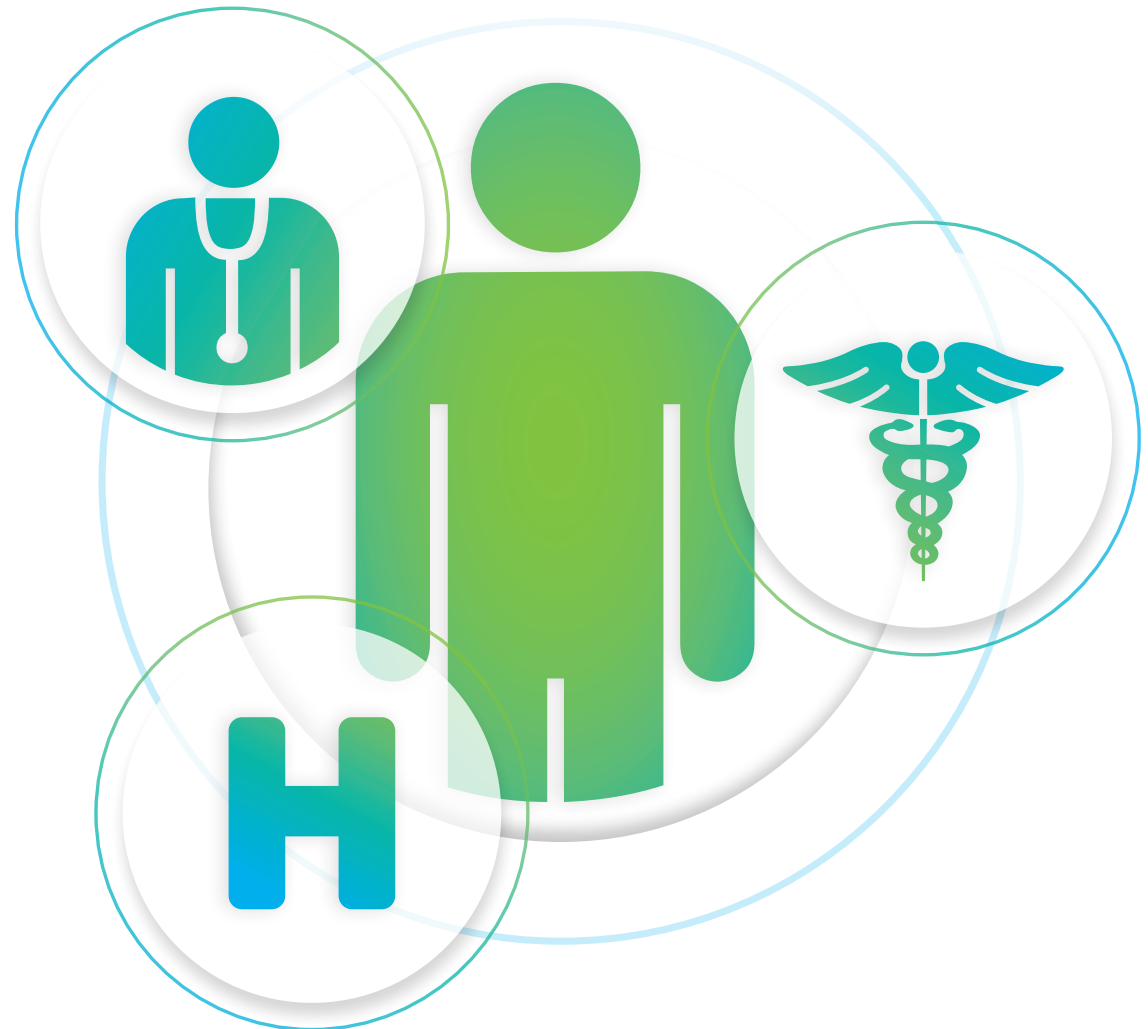
## Blues Centers of Excellence:

- Tiered Inpatient Benefits based on quality and cost
- Enhanced Benefits such as waived deductible and/or coinsurance if patient uses a Blue Center of Excellence for inpatient high cost specialty services
- Impacts 30% of all inpatient expenditures

## Site of Service:

**Key to any cost reduction strategy is to reward members with lower cost sharing when they receive select care services from non-hospital-based providers.**

- Recommend additional copayment on these services if received in hospital



# Blue Distinction® Specialty Care

## 2 Designation Levels

**Blue  
Distinction®  
Center**

Health care facilities recognized for their **expertise** in delivering specialty care

**Blue  
Distinction®  
Center+**

Health care facilities recognized for their **expertise** and **efficiency** in delivering specialty care



## 7 High-Impact Areas

Knee & Hip Replacement



Transplants



Cancer Care<sup>1</sup>



Spine Surgery



Bariatric Surgery



Cardiac Care



Maternity Care



**12.7 Million**  
Inpatient Discharges

Which  
Represents ...



**\$272 Billion**  
in Annual Hospital Charges<sup>2</sup>

<sup>1</sup>Blue Distinction Center designation only; <sup>2</sup>AHRQ-sponsored Health Cost and Utilization Project (HCUP), 2013. Reflects all privately insureds (BCBS and non-BCBS).

# Blue Distinction Specialty Care: Consistent Criteria

## Evaluation criteria for participation focused on:

Identifying those facilities that demonstrate expertise in delivering quality specialty care, safely and effectively

Nationally established quality measures and emphasis on proven outcomes

Cost of care calculated on procedures, using episode-based allowable amounts

### Blue Distinction<sup>®</sup> Center

Health care facilities recognized for their expertise in delivering specialty care



### Blue Distinction<sup>®</sup> Center+

Health care facilities recognized for their expertise and efficiency in delivering specialty care



# Highmark & Delaware Providers

## LEGEND

- Non-TPPCP Practice
- ★ True Performance Practice

## ST. FRANCIS

- Quality Blue Participant (2013)
- Blue Distinction Center+ in Maternity Care & Bariatric Surgery

## BAYHEALTH

- Pending Quality Blue participant (2018)
- Blue Distinction Center in Cardiac Care (Kent Hospital Only)

## NANTICOKE

- Quality Blue Participant (2014)
- Blue Distinction Center in Maternity Care

## DELAWARE STATE TRUE PERFORMANCE (TP) SUMMARY

TP PRACTICES	TP PCPS	TOTAL PCPS	% OF PCPS
125	365	710	51%

## ALFRED I. DUPONT HOSPITAL FOR CHILDREN

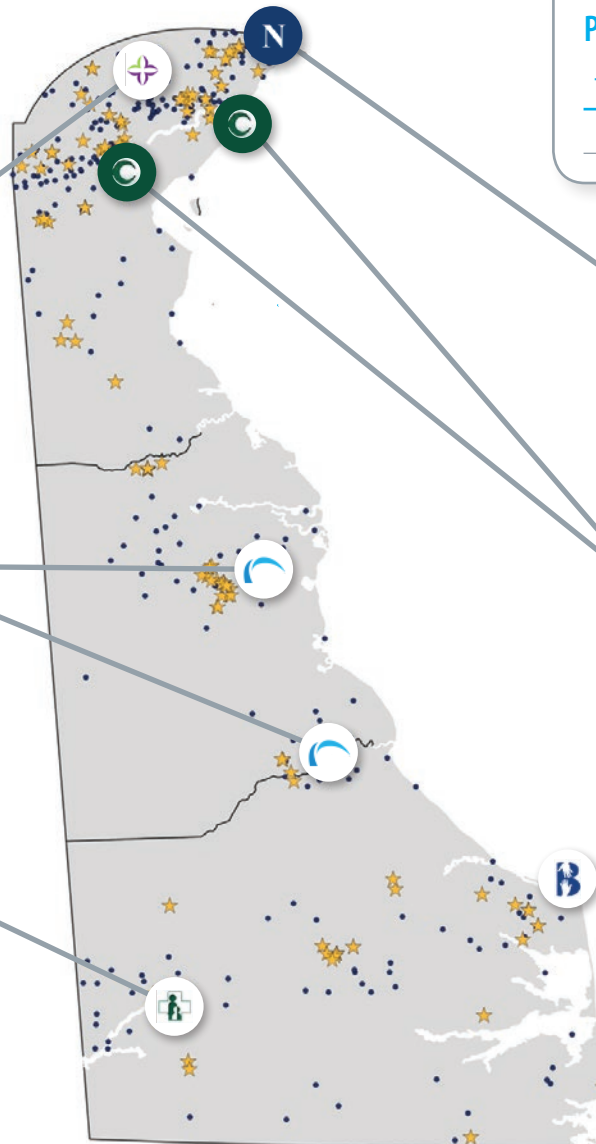
- Blue Distinction Center Transplant – Pediatric Liver

## CHRISTIANA CARE

- Blue Distinction Center in Cardiac Care, Maternity Care and Spine Surgery
- Blue Distinction Center+ in Bariatric Surgery

## BEEBE

- Quality Blue participant (2015)
- Blue Distinction Center in Cardiac Care
- Blue Distinction Center+ in Spine Surgery



# Our Pledge to The State

## Highmark's commitment to Delaware is unmatched by our competitors

Highmark Delaware is one of only two carriers participating on the Delaware Marketplace and has invested approximately \$50 million in the form of subsidized losses since the outset in January 2014.

Highmark Delaware developed and implemented a robust Medicaid Managed Care product effective January 1, 2015 to serve Delawareans and fill a critical void upon the departure of one of our competitors.

Highmark Delaware and its employees have participated actively in the State's SIM program since its inception three years ago. The Highmark leadership team meets regularly with key stakeholders and is continuing to collaborate with the Delaware Center for Health Innovation.

Highmark Delaware has contributed over \$15,000,000 since 2012 to support health-related initiatives, programs and organizations within Delaware.

*Highmark Delaware and the State of Delaware have been collaborative partners for more than 40 years.*



